Travis (HB 443) **Act No. 703**

Prior law required mergers of credit unions to be approved by the membership of the merging credit union at a meeting of the members by a 3/4 vote of all members present at the meeting and by the board of directors of the continuing credit union. Required a 10-day notice prior to the meeting. Prior law allowed for a merger upon a majority vote of the members of the merging credit union who vote on the proposal and approval by the board of directors of the continuing credit union. Allowed the membership vote on approval of the merger to be conducted by mail ballot. Required written notice of annual and special meetings to be sent, at least 10 days prior to the meeting, to members at the address reflected in the credit union records.

New law requires each credit union, at the end of its fiscal year, to make a full report of its business during the year and its condition. Requires the report to be on a form and contain information as the commissioner provides. Provides that failure to file the required reports results in a fine of $5 for each day the reports are not filed. New law deletes prior law and requires each credit union with assets in excess of $50,000,000 to file quarterly financial reports with the commissioner. Requires credit unions with assets of $50,000,000 or less to file semiannual financial reports with the commissioner. Requires reports to be in the manner and form prescribed by the commissioner. Allows for a fine of up to $50 for each day passed the required due date that a report has not been filed.

Existing law requires credit union officers and directors to stand in a fiduciary relationship to the credit union and its members. Provides that these provisions are exclusive law governing the relation and liability of directors and officers, except that the law on the relation of directors and officers to corporations and shareholders is applicable to such directors and officers. New law retains existing law and allows for indemnification of the directors and officers to be provided for in the credit union's articles or bylaws in the manner allowed in the Louisiana Corporations Law.

Existing law allows for the appointment or election of a supervisory committee by the board of directors of a credit union who shall inspect the securities, cash, and accounts of the credit union and supervise the acts of the board of directors, credit committee, and officers. Prior law required the supervisory committee at the close of the fiscal year to make or cause to be made a comprehensive audit of the receipts, disbursements, income, assets, and liabilities of the credit union. Required a full report of the audit to the directors. Required the report to be filed with the commissioner of the office of financial institutions. New law retains the existing law provisions allowing for the supervisory committee, but changes prior law by requiring only that the supervisory committee examine the financial condition and internal control structure of the credit union in accordance with rules promulgated by the commissioner. New law does not specifically require a comprehensive audit or report to the commissioner.

New law allows a credit union to conduct business in accordance with its bylaws and contract terms concerning a deceased person until it receives written notice of the person's death. Allows the credit union to transfer the deceased's property to succession representatives, surviving spouses, heirs, or legatees of the deceased upon proof of proper authority and after obtaining a receipt. Allows the credit union to transfer the property to the legal representative upon receiving proof of authority of the legal representative if a judgment places the property into possession. Specifies what constitutes proper authority and a receipt. Provides that transfers made and receipted for constitute full protection to a credit union as to any person having rights or claims to the property and provides that the credit union has no liability to the state for any taxes due on the property. Prohibits any credit union from transferring any property to a succession representative appointed by a court outside the state or to any surviving spouse or heir recognized by a out of state or foreign court until the state inheritance taxes are paid or until the secretary of the Dept. of Revenue approves of the transfer.

New law provides the receipt obtained by the credit union for the transferred property may be in any form but must be signed by the succession representative, accompanied by a certified copy of the letters or by the surviving spouse, heirs, or legatees and by a certified copy of the judgment. Transfers made and receipted for shall constitute full protection to the credit union.

New law prohibits the credit union from transferring any property outside the state until the inheritance tax due the state of Louisiana has been fixed and paid or until the secretary of the Dept. of Revenue has approved such transfer.

Prior law allowed a credit union to make loans, under terms and conditions specified in its bylaws, to its members, to other credit unions, and to credit union organizations under certain conditions. Required loans to members to be made in conformity with criteria established by the board of directors, along with certain requirements provided in the Chapter, including the requirement that the loans or the aggregate of loans made to a director or member of the supervisory or credit committee of the credit union that exceed $10,000 must be approved by the board of directors. New law retains prior law criteria and requirements, but specifies that the loan or aggregate of loans made to a director or member of the supervisory or credit committee, including direct obligors, endorsers, cosigners, or guarantors, which exceed $20,000, instead of $10,000, must be reviewed and approved or denied by the board of directors.

Effective upon the signature of governor (July 1, 1999).

(Amends R.S. 6:646(A)(4) and (B)(2), 649.1(A) and (D), 651(C), and 656(A)(1)(d); Adds R.S. 6:653.4)